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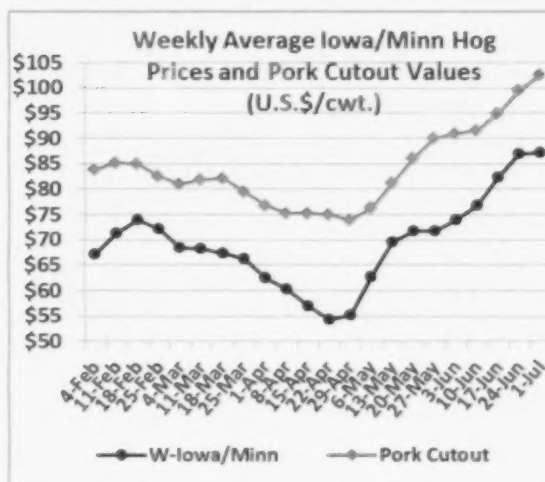
Weekly Hog Report

July 4, 2017

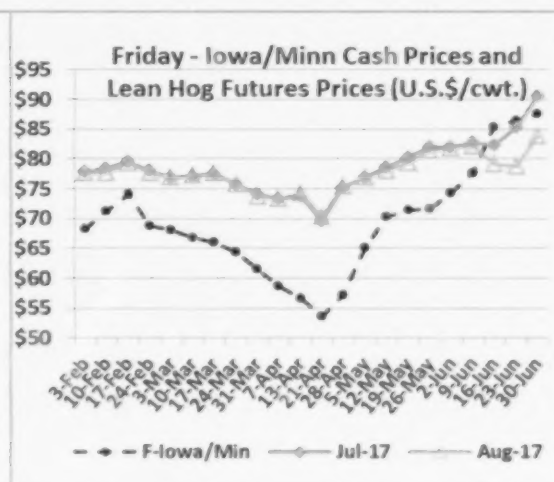
*The Weekly Hog Report will take a summer break for July!
The regular Weekly Hog Report will resume on August 7, 2017.*

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were steady last week edging higher Thursday and Friday. Hog prices on Friday June 30 averaged US\$87.53 per cwt, up US\$1.19 per cwt or 1.4 per cent from US\$86.34 per cwt the previous Friday. The negotiated weekly base price last week averaged US\$87.11 per cwt, up slightly from US\$86.99 per cwt the previous week. Slaughter weight cash hog prices were supported by continued strong pork cutout values and packer margins with seasonally reduced slaughter hog numbers.



Source: LMIC



Source: LMIC, CME

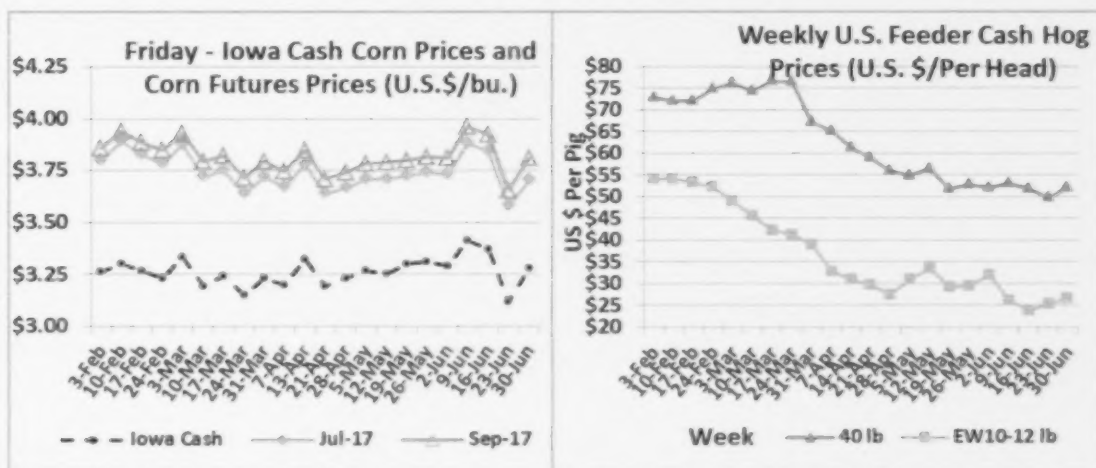
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday June 30, 2017 was \$211.16 per ckg, up \$0.57 per ckg or 0.3 per cent from \$210.59 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged \$210.82 per ckg, up \$3.26 per ckg or 1.6 per cent from the previous weeks' average price of \$207.56 per ckg. The Canadian dollar moved higher with continued speculation that the Bank of Canada would raise interest rates in July. The Canadian dollar versus the U.S. dollar settled last Friday at 77.06 cents, up 1.69 cents from 75.37 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were primarily higher last week to end the week higher, week-over-week. The nearby July lean hog futures contract increased US\$5.325 per cwt last week to settle Friday at US\$90.625 per cwt; while the August lean hog futures contract increased US\$5.100 per cwt to settle last Friday at US\$83.750 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices edged higher last week. Weighted average cash prices for iso-weans (12lb) last week were US\$26.76 per head, up US\$1.47 per head or 5.8 per cent from US\$25.29 per head the previous week. Feeders (40lb) averaged US\$51.97 per head, up US\$2.15 per head or 4.3 per cent from US\$49.82 per head, the previous week.



Source: LMI

Source: Iowa Agriculture, CME

Iowa cash corn prices settled last Friday at US\$3.28 per bushel, up 16 cents from US\$3.12 per bushel the previous Friday. Daily corn futures were higher later in the week to help prices move higher, week-over-week. The July contract increased almost 13 cents per bushel to settle Friday at US\$3.70 1/2 per bushel, while the September contract increased 15 1/2 cents to settle Friday at 3.81 per bushel. Hot weather across the mid-west over the week may affect early crop development and influence corn futures prices.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 30 were estimated at 2.192 million head, up 2.2 per cent from 2.144 million head the previous week, and up 3.5 per cent from 2.119 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks have averaged about 2.179 million head, up 3.1 per cent from 2.114 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 24, 2017 were estimated at 391,996 head, down 4.6 per cent from 410,791 head the previous week, but up 5.2 per cent from 372,737 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 408,645 head, up 5.1 per cent from

388,792 head over the same period a year ago. Year-to-date, Canadian hog slaughter numbers totaled 10,397,534 head, up 2.0 per cent from the same period a year ago. (Source: AAFC/CFIA)

In Western Canada, federal and provincial hog slaughter numbers for the four weeks ending June 24, 2017 averaged 169,988 head, up 2.2 per cent from 166,268 head over the same period a year ago. Year-to-date, Western Canadian hog slaughter numbers totaled 4,296,293 head in 2017, up 2.4 per cent from the same period a year ago.

Meat Production

U.S. pork production for the week ending July 1, 2017 was estimated at 458.8 million lb., up 2.0 per cent from 450.0 million lb. the previous week, and up 3.8 per cent from 441.8 million lb. the same week a year ago. Pork production over the last four week's ending July 1 was estimated to average 455.7 million lb., up 2.6 per cent from 444.0 million lb. over the same four week period a year ago.

U.S. beef production for the week ending July 1 was estimated at 508.5 million lb., up 1.5 per cent from 501.0 million lb. the previous week, and up 3.5 per cent from 491.5 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 24, 2017, was estimated to average 2.049 billion lb., up 2.3 per cent from 2.003 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2017 is estimated to be up 2.0 per cent compared to the same period in 2016.

United States Weekly Meat Production

(June 24) Four Week Average - Million Lb.			Percent Change	
	2016	2017	4 Week	YTD 2017
Pork	434.5	445.2	2.5%	3.0%
Beef	474.1	491.3	3.6%	4.3%
Chicken	965.4	983.6	1.9%	0.7%
Turkey	129.4	129.1	-0.3%	0.6%
Total	2,003.3	2,049.1	2.29%	2.04%

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending July 1, 2017 averaged US\$102.49 per cwt, up US\$3.05 per cwt or 3.1 per cent from US\$99.44 per cwt the previous week, and up 14.9 per cent from US\$89.19 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending July 1, 2017 averaged US\$230.64 per cwt over the week, down US\$14.26 per cwt or 5.8 per cent from US\$244.90 per cwt the previous week, but up 10.4 per cent from US\$208.88 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending July 1, 2017 averaged US\$163.31 per cwt, down slightly from US\$163.56 per cwt the previous week, but up 21.9 per cent from US\$133.96 per cwt the same week a year ago.

USDA Hogs and Pigs Report

USDA released the June *Hogs and Pigs Report* on June 29, 2017. Total U.S. hog inventory numbers as of June 1, 2017, was estimated at 71.650 million head, up 3.4 per cent from 69.281 million head on June 1, 2016, and up 1.0 per cent from 70.921 million head as of March 1, 2017. The total annual inventory increase of 3.4 per cent was slightly above the 3.3 per cent average increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of June 1, 2017, was estimated at 6.069 million head, up 1.5 per cent from 5.979 million head on June 1, 2016, and up slightly from 6.068 million head on March 1, 2017. Breeding herd numbers were also only slightly above the trade analyst estimates of 1.4 per cent growth.

Market herd inventory numbers in the United States as of June 1, 2017, was estimated at 65.581 million head, up 3.6 per cent from 63.302 million head on June 1, 2016, and up 1.1 per cent from 64.853 million head on March 1, 2017. Trade analysts were estimating market inventory numbers to increase by 3.4 per cent (year/year), slightly below what was reported by USDA.

United States Hog Inventory Numbers, (1,000 head)

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Mar.-June	Y/Y(June)
All Hogs & Pigs	68,919	68,124	69,281	71,886	71,525	70,921	71,650	1.03%	3.42%
Kept for breeding	6,002	5,980	5,979	6,016	6,090	6,068	6,069	0.02%	1.51%
Market	62,917	62,144	63,302	65,870	65,435	64,853	65,581	1.12%	3.60%
Market Hogs									
Under 50 lbs	20,008	19,897	20,356	21,215	20,887	20,617	21,017	1.94%	3.25%
50-119 lbs	17,262	17,198	18,198	19,276	18,102	17,902	18,831	5.19%	3.48%
120-179 lbs	13,370	13,819	13,291	13,665	13,786	14,435	13,856	-4.01%	4.25%
180 lbs & Over	12,276	11,229	11,456	11,713	12,660	11,899	11,877	-0.18%	3.67%

Source: June 29, 2017 USDA Hogs & Pigs Report

Sow farrowing numbers for the March-to-May 2017 period totaled 3.060 million head, a 3.1 per cent increase from 2.968 million head farrowed the same quarter a year ago, which was above the 1.7 percent increase estimated by trade analysts.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
Thousand Head				Thousand Head		
Quarter	2015	2016	2017	2015	2016	2017
Dec - Feb (1)	2,895	2,927	3,010	29,627	30,139	31,400
Mar - May	2,854	2,968	3,060	29,593	31,097	32,264
June - Aug	3,017	3,057	3,064 (2)	31,343	32,331	
Sept - Nov	2,929	3,043	3,055 (2)	30,848	32,333	
TOTAL	11,695	11,995	12,189 (2)	121,411	125,900	63,664

(1) December preceeding year.

(2) Farrowing Intentions.

Source: USDA Hogs and Pigs Report, June 29, 2017.

USDA reported farrowing intentions for the June-to-August 2017 period were estimated at 3.064 million head, a small increase (0.23 per cent) from the same quarter a year ago. Trade analysts were projecting a larger 0.6 per cent increase for farrowing intentions. The reported USDA September-to-November 2017 farrowing intentions were estimated at 3.055 million head, a 0.4 per cent increase from 3.043 million head the same quarter a year ago. Trade analysts were also estimating a 0.4 per cent increase in farrowing numbers for the period.

USDA estimated the March-to-May 2017 pig crop at 32.264 million head, a 3.75 per cent increase from the same quarter in 2016. Trade analysts were estimating a 3.0 per cent increase in the pig crop for the period. Pigs saved per litter were 10.55 pigs, up 0.67 per cent from 10.48 pigs the same quarter a year ago; but less than the increase of 1.3 per cent estimated by trade analysts.

The *USDA Hogs and Pigs Report* numbers in general were close to the average trade analyst numbers. The biggest difference from trade analyst numbers was the higher March-to-May 2017 pig crop increase of 3.75 per cent; versus the trade analyst increase of 3.3 per cent. Market hogs in various weight categories were close to the USDA numbers in general except the 120-179 lb. weight category which increased 4.25 per cent versus the trade analyst increase of 3.5 per cent. The bigger increases were in the heavier weights categories indicating more pigs coming to market in the coming months.

The *USDA Hogs and Pigs Report* will be likely be viewed as neutral overall even with more pigs in inventory and more coming to market in the coming months. The market will likely take these numbers into stride considering the current strong pork cutout values and the increased U.S. hog slaughter capacity coming online over the next few months.

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